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Program Audit Follow-up: Mental Health Earnings Fund

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION



JEANNE A. JARRETT, CPA
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Program Audit Follow-up: Mental Health Earnings Fund

*Prepared for the Committee on Legislative Research
by the Oversight Division*

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May, 1997

Members of the Committee on Legislative Research:

As required by statute, we have concluded our follow-up review of the December, 1995 program audit report issued on the Mental Health Earnings Fund. One year after the completion of a management or program audit, the Oversight Division is required to review the operations of the agency audited to determine whether or not there has been substantial compliance with the recommendations contained in the report.

We are pleased to report that four of the recommendations made by the Oversight Division have been fully implemented, with two recommendations partially implemented and five recommendations not implemented.

The accompanying report includes the original audit findings and recommendations with our comments regarding their status.

Respectfully,

A handwritten signature in black ink, appearing to read "Jeanne Jarrett".

Jeanne Jarrett, CPA, CGFM
Director, Oversight Division

Introduction

The Joint Committee on Legislative Research directed the Oversight Division to conduct a program audit of the operations of the Mental Health Earnings Fund (MHEF) within the Department of Mental Health. The audit had two major focuses. One, review of the Substance Abuse Traffic Offender Program (SATOP), an educational and rehabilitation system for individuals with traffic-related alcohol or drug problems. The MHEF was created in 1993 specifically for the purpose of supporting the SATOP program. Two, evaluation of the approximately \$50 million in non-SATOP funds that flowed through the MHEF. This audit informs the General Assembly of whether state resources are being used efficiently and effectively, administered as authorized or required by law, and used as intended by law.

Background

SATOP

SATOP is the successor to the Alcohol Related Traffic Offender Program (ARTOP) which was created in the early 1980's. ARTOP provided a ten hour basic alcohol education program. Irregardless if it was a first, second or subsequent offense only one program was available, the ten-hour basic education course. At that time all DWI violations were handled in municipal courts throughout the state. Senate Bill 167 adopted during the 1993 session altered the system in a number of ways, it allowed for certain DWI violations to be handled in circuit court and it created a multi-tier SATOP in which offenders would participate in a program matched to their level of need. Violations are handled simultaneously by the criminal and administrative system. The offender goes through the court system and is either fined or serves jail time or probation. At the same time they must follow the SATOP program in order to have their license reinstated by the Department of Revenue (DOR).

SATOP consists of the following steps. An offender enters the program through an Offender Management Unit (OMU) of their choice at one of the SATOP certified programs. A thorough assessment is done to determine

where to place the individual. At this time the offender pays a \$65 assessment fee which is retained by the program and a \$60 supplemental fee which is forwarded to Department of Mental Health (DMH). The program retains 2% of the \$60 fee for administration cost. The remainder of the funds are the sole revenue source for the DMH portion of the SATOP program. The OMU obtains the driving record of the offender and if possible the blood alcohol content (BAC) at the time of arrest. Also, a Drivers Risk Inventory Test is administered. This test consists of 180 questions that determine the stress and risk level the offender demonstrates as a driver. For example, a person who is an aggressive driver, in addition to having an alcohol problem, is a high level risk.

Based on the assessment an offender is assigned to one of three programs. The basic program, which most offenders proceed to, is the Offender Education Program (OEP), the basic 10 hour education course from ARTOP. This program is offered at over 200 sites throughout the state. These programs are given by private or non-profit entities and not DMH. Sixty percent of the offenders proceeding through the program are first time offenders and would generally attend the OEP. The basic education course cost of \$70 is paid by the offender and retained by the entity. This generates the minimum cost of \$195 which anyone participating in SATOP will have to pay (\$65 Assessment Fee, \$60 Supplemental Fee, and \$70 Program Fee). These fees are set by DMH and are the same in any program anywhere in the state.

The next level program is the Weekend Intervention Program (WIP). This would generally process two time offenders or offenders who had a high blood alcohol content (BAC) when they were arrested. The WIP starts at 6 p.m. on Friday night and runs through 6 p.m. on Sunday night. It is generally given at hotels and group sizes are between 25 and 30 individuals. Approximately 35 WIP programs are available around the state. The program consists of group counseling and one-on-one counseling to challenge and confront the offender with the facts of what alcohol abuse is doing and has done to them and their family's life. The goal is for the offender to realize and accept that they have a substance abuse problem. This program costs \$350 with a minimum of \$70 being paid by the offender and retained by the entity.

Per DMH, approximately 7% of the offenders who enter SATOP are alcoholics. This group would be referred to the third program level, the Clinical Intervention Program (CIP). This program consists of 50 hours of outpatient treatment for alcoholism. The cost of this program is \$750 with a minimum of \$70 being paid by the offender and retained by the entity. SATOP does not currently have a long term residential care option for the small number of offenders who need this type of treatment. DMH currently encourages offenders in this group to voluntarily seek out and participate in other programs offered by DMH or private entities.

Upon completion of a SATOP approved course a completion certificate is sent by the program to the DOR. This allows the offender to then go to DOR and, after paying a reinstatement fee of \$60 and providing proof of insurance(SR-22), to have their license reinstated.

Only the WIP and CIP course fees above \$70 are subsidized by DMH based on the Standard Means Test (SMT). For example, in the WIP through February, 1995, 24% of participants in the program paid the full fee of \$350. The average fee paid by the participant amounted to \$97.52 with DMH reimbursing the providers for the difference of \$252.48. The main use of the \$60 supplemental fee is to subsidize the participants in the WIP and CIP programs.

In excess of 23,000 offenders have completed a SATOP program since its inception generating \$1.4 million in fees to the MHEF.

DMH in conjunction with local government officials funds four SATOP demonstration projects around the state to improve the prevention of alcohol and drug abuse with traffic offenders. Those four projects are in St. Charles County, Cooper County (Boonville), Jackson County (Kansas City), and the city of Springfield. These projects fund referral and prosecutorial resources to help monitor SATOP assessment and program development. Jackson County has set up a special DWI court. DMH spends approximately \$300,000 in total on these projects with about 50% of the amount going to Jackson County. The demonstration projects are scheduled to end with FY 96 and there are no plans to renew them.

In addition, SATOP funds two positions at the Office of State Courts Administrator (OSCA) to provide training, education and coordination with

judges throughout the state. The intent is to raise the level of understanding and awareness of the SATOP program. The cost of this contract is \$90,000.

Non-SATOP Activity - Maximizing Federal Reimbursements

DMH has pursued waivers from the federal government and other options to allow it to collect increased federal reimbursements by offering residential mental health services in an expanded manner. These programs include Nursing Home Reform, Targeted Case Management and Community Psychiatric Rehabilitation Programs, and Community-Substance Treatment and Rehabilitation (C-STAR). The original funds to create these expanded programs came from state general revenue. These expanded programs generated additional federal Medicare and Medicaid funds which allow DMH to expand services even further and receive more federal funds.

A letter of understanding (LOU) between the Office of the Administration and DMH allows DMH to retain federal funds above a calculated baseline and through the appropriation process, to use those funds to further expand and enhance mental health services. This LOU applies to community services and operations of the Divisions of Comprehensive Psychiatric Services, Mental Retardation/Developmental Disabilities, and Alcohol and Drug Abuse. Reimbursements from state-operated psychiatric and habilitation centers designated as intermediate care centers are not included in the LOU. The reimbursements from acute inpatient children's services at Cottonwood, Woodson, and Hawthorn are included. The LOU sets 1994 as a baseline for calculating which funds are returned to General Revenue (GR). In the first fiscal year amounts in excess of the baseline will be returned to GR. In subsequent fiscal years, DMH will retain the excess.

The LOU commits the Office of Administration (OA) to recommend to the Governor for appropriation to DMH the new federal earnings generated that are not returned to GR. OA agreed to recommend appropriation authority equal to the prior fiscal year baseline plus the excess federal earnings. In addition, the excess federal earnings will not be used to supplant core appropriations of DMH.

Authority, Purpose, and Scope

This follow-up audit was conducted under the authority of Section 23.190 RSMo, which requires that one year after the completion of each audit the Oversight Division shall review the operations of the agency audited to determine whether or not there has been substantial compliance with the recommendations contained in the audit report. This follow-up was conducted according to generally accepted government auditing standards. Audit testing was limited in the follow-up, and mainly consisted of conducting interviews and some limited sampling. With respect to items not tested, nothing came to our attention that would cause us to believe that the state is not in compliance with any applicable laws, regulations, contracts or grants.

The purpose of this report is to present our conclusions regarding the Department of Mental Health's status in implementing recommendations from the December, 1995 performance audit. The report detailing that performance audit contained eleven recommendations.

Implementation Status of Audit Recommendations

FINDING #1:	The Department of Mental Health, Division of Alcohol and Drug Abuse had not maintained proper documentation of Substance Abuse Traffic Offender Program certification.
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RECOMMENDATION TO FINDING #1

Oversight recommended that the Department of Mental Health perform a review of all existing certified SATOP programs to ensure compliance with current statutes and regulations. A document should be created and included in each file which tracks the certification process and verifies compliance with applicable standards. For example, a form similar to that used in the individual certification process could be utilized.

Status:

Partially implemented. DMH developed one document to track certification for all program providers, but a separate form is not included in each provider file. Of the five provider files reviewed as follow-up, one did not contain evidence of provider registration with the Secretary of State, and one did not contain evidence that required application fees were paid.

FINDING #2: The Department of Mental Health had certified substance abuse traffic offender programs that did not meet minimum certification standards.

RECOMMENDATION TO FINDING #2

Oversight recommended the Department of Mental Health, Division of Alcohol and Drug Abuse only certify those programs that fully comply with the Substance Abuse Traffic Offender Program standards.

Status:

Not implemented. DMH continues to certify programs attaining 90% or better compliance.

FINDING #3: The Department of Mental Health did not have a procedure to ensure that all supplemental fees were being received as required.

RECOMMENDATION TO FINDING #3

Oversight recommended the Department of Mental Health institute a system that would allow supplemental fee collections to be checked against the Department of Revenue's (DOR) drivers license records. This would allow DMH to identify any unpaid fees.

Status:

Not implemented. DMH is in the process of developing a database for supplemental fees to be checked against a separate database for screenings, but determined that a match to drivers' license records was not feasible.

FINDING #4: The Department of Mental Health should give consideration to restructuring the Substance Abuse Traffic Offender Program so that it would provide financial integrity and accountability to the program and lower the cost to offenders. In addition, the Department should pursue alternative and additional sources of funding.

RECOMMENDATION TO FINDING # 4

Oversight recommended the Department of Mental Health consider the restructuring of the Substance Abuse Traffic Offender Program.

Status:

Not implemented. DMH reflects a surplus for FY 1996 and projects a surplus for FY 1997 for the Substance Abuse Traffic Offender Program and does not consider it necessary to restructure the program or seek alternative funding.

FINDING #5: The Department of Mental Health did not have procedures which allowed it to ensure reimbursement requests submitted by program providers were proper.

RECOMMENDATION TO FINDING # 5

Oversight recommended that the Department of Mental Health implement procedures to allow for computer checks, edits and staff review of requests for reimbursements to programs for services rendered.

Status:

Implemented. An edit in the computer system has been implemented which prevents improper expenditures from being charged to the Substance Abuse Traffic Offender Program, and billings are audited annually by DMH personnel.

FINDING #6: The Substance Abuse Traffic Offender Program funding level was not sufficient to meet projected expenditures for program reimbursements for the Weekend Intervention Program and the Clinical Intervention Program.

RECOMMENDATION TO FINDING # 6

Oversight recommended the Department of Mental Health consider seeking supplemental appropriation for the Substance Abuse Traffic Offender Program in Fiscal Year 1996. In addition, the Department should seek statutory or administrative modifications to ensure financial integrity of the program for future fiscal years.

Status:

Not implemented. Supplemental appropriations were not required for FY 1996, and DMH does not project a need to do so for future fiscal years.

FINDING #7: The Department of Mental Health could improve the effectiveness of the Substance Abuse Traffic Offender Program by expanding the options available.

RECOMMENDATION TO FINDING # 7

Oversight recommended that the Department of Mental Health consider seeking legislative authority to require a substance abuse education class for individuals prior to receiving their initial drivers license. In addition, the Department of Mental Health should consider the creation of a long-term counseling option for persistent offenders.

Status:

Not implemented. DMH did not consider requiring a course on substance abuse prior to receiving a driver's license to be feasible, and indicated that a long-term counseling option is available for persistent offenders.

FINDING #8: The letter of understanding between the Department of Mental Health and the Office of Administration which sets the guidelines for the Department's effort to maximize federal reimbursements was unsigned.

RECOMMENDATION TO FINDING # 8

Oversight recommended the Department of Mental Health formally sign the letter of understanding and adhere to its terms if the intent is to operate under its guidelines. Documentation and tracking of the earnings and transfers to the state General Revenue Fund should be maintained by both the Office of Administration and the Department of Mental Health. Transfers of funds to the state General Revenue Fund should include interest earnings related to federal funds and should be accomplished on a timely basis.

Status:

Partially implemented. The letter of understanding has not been signed, although DMH indicates the intent remains to operate under its guidelines. DMH maintains documentation for transfers to the state General Revenue Fund, including interest earnings.

FINDING #9: The expenditure for Substance Abuse Traffic Offender Program demonstration projects from the Mental Health Earnings Fund did not appear to be in compliance with Section 630.053 (2), RSMo 1994.

RECOMMENDATION TO FINDING #9

Oversight recommended the Department of Mental Health fund the Substance Abuse Traffic Offender Program demonstration projects from the Health Initiatives Fund as described in Section 191.831 (1), RSMo 1994.

Status:

Implemented. Demonstration projects are funded by the Health Initiatives Fund.

FINDING #10: The Department of Mental Health, Division of Alcohol & Drug Abuse had not adequately monitored and evaluated the demonstration projects.

RECOMMENDATION TO FINDING #10

If the demonstration projects were to continue to receive funding beyond the current fiscal year, Oversight recommended the Department of Mental Health establish a system to monitor and evaluate the demonstration projects. In addition, Oversight recommended the Department of Mental Health ensure that in the future all contracts are properly signed and any amendments or changes to contracts are documented.

Status:

Implemented. DMH has conducted contract compliance audits of the four demonstration projects and plans to do so annually. Contracts and

amendments reviewed were properly authorized.

FINDING #11: It appeared that no statutory authority existed for federal reimbursements to be deposited and expended from the Mental Health Earnings Fund.

RECOMMENDATION TO FINDING #11

The Department of Mental Health should transfer all balances generated by federal reimbursements and interest on those funds remaining in the MHEF to the recently created General Revenue Reimbursement Fund and should deposit and expend only those funds in the Mental Health Earnings Fund which are related to the Substance Abuse Traffic Offender Program.

Status:

Implemented. Transfers have been made to the General Revenue Reimbursement Fund. Legislation enacted in 1996 allows receipts from managed care contracts to be credited to the Mental Health Earnings Fund as well, and such amounts have been credited to the fund, in addition to funds related to the Substance Abuse Traffic Offender Program.



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